

**Michigan House Energy and Technology Committee
Regarding House Bill 4314**

**Testimony of
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Verizon in Michigan:

Verizon Wireless – wireless voice and data provider in Michigan

Verizon Business – wireline competitor (includes former MCI CLEC and IXC); offers wireline services in competition with other local exchange carriers and long distance carriers, as well as a suite of IP-enabled services to our enterprise and government customers in Michigan.

- 1.9 million accounts, many of which have multiple cellphones
- Over 2,200 employees living in Michigan. \$115 million payroll
- 1,852 retirees in Michigan

- Verizon Wireless invested \$220 million in MI in 2010, \$1.6 billion since 1999.

- KY / IN / MI Regional Headquarters & Call Center located in Southfield

- 4G Network Deployment
 - Now = 110 million people.
 - Midyear 2012 = available across 2/3 of 3G footprint.
 - End of 2013 = available everywhere we have 3G today.
 - Available in Metro Detroit Area today
 - Available in 5 additional Michigan cities by 2011
(announced yesterday: Grand Rapids, Lansing, Flint, Saginaw, and Bay City)
 - Provides 10 times the current 3G speed.

- Recent Collaborations with others:
 - Thumb Cellular, 4G Rural Project
 - Centurylink / Qwest Wireless Agreement
 - VZ Business Data Breach Security Report with U.S. Secret Service

Comments on HB 4314 – Positives

- Levels the playing field the right way – removes outdated regulations from incumbents rather than imposing old regulations on new technologies/competitors
- Accomplishes goal of cleaning up old regulatory underbrush
- Recognizes that marketplace competition best protects customers, but also retains a backstop for customers under the Michigan Consumer Protection Act, treating communications services just like any other good or service.
- Preserves Wholesale Protections – As a company that interconnects with other providers on a daily basis, Verizon was not as concerned with removal of provisions as other stakeholders, since the Federal Telecom Act and/or FCC delegates much of this authority to the states.

Suggested Improvement to HB 4314

- Suggested Amendment
 - Use the term “**IP-Enabled Services**,” which is a broader industry term, rather than the narrower term “Interconnected Voice Over Internet Protocol service,” which represents only a subset of IP-enabled services
 - Strengthen Section 401 by making it clear that the MPSC only has the authority over all of these Unregulated Services as provided by the Michigan Legislature.

Why is it Important to Verizon?

- Today – Verizon provides a number of IP-Enabled services to our enterprise and government customers, including Instant Messaging, email services, email and voice mail management systems, video and project collaboration services, and remote office services, including our recently announced cloud-based Unified Communications & Collaboration services.
- Tomorrow – Technology continues to develop, and no one can predict what new IP-enabled services will be invented going forward – should ensure protection for evolving services too.

Why It Should Be Important to Michigan Policymakers

- If the goal is to provide a truly level playing field, why favor one subset of providers (those providing interconnected VoIP) over others?
- It codifies what has been existing state regulatory policy and provides regulatory certainty for the market (similar to existing exemptions for wireless and retail broadband services).
- At least 17 states have already taken similar action to codify regulatory certainty and ensure competitive equality for providers regardless of the technology delivery platform.

Why It Is Important for Michigan's Economy.

- IP-enabled services can be a force for increased competition, a platform for innovation, a driver for additional broadband deployment, increased productivity and a vehicle for continued investment and economic growth
- All general business regulations and consumer protection laws would still apply. In essence, IP-enabled services would be treated like any other consumer product or service in the state.
- It sends the clearest signal that Michigan is not interested in regulating innovative IP-Enabled services, thus avoiding problems of creating regulatory uncertainty, deterring investment and imposing future costs and fees on business and residential consumers.

Thank you Mr. Chairman and members of the Committee for the time to provide Verizon's comments on HB 4314 and to share with you some of our business plans in Michigan.

Representative _____ offered the following amendment to House Bill No. 4314 (H-1):

1. Amend by inserting a new section 102(m) on Page 5, by inserting after line 7 and re-lettering subsequent sections:

(M) “INTERNET PROTOCOL-ENABLED SERVICE” OR “IP-ENABLED SERVICE” MEANS ANY SERVICE, CAPABILITY, FUNCTIONALITY, OR APPLICATION PROVIDED USING INTERNET PROTOCOL, OR ANY SUCCESSOR PROTOCOL, THAT ENABLES AN END USER TO SEND OR RECEIVE A VOICE, DATA OR VIDEO COMMUNICATION IN INTERNET PROTOCOL FORMAT OR ANY SUCCESSOR FORMAT. INTERCONNECTED VOICE OVER INTERNET PROTOCOL SERVICE IS AN IP-ENABLED SERVICE.

2. Amend page 31 by striking lines 11 and 12 and replacing with:

“SEC. 401. (1) EXCEPT FOR AUTHORITY EXPRESSLY GRANTED TO THE COMMISSION BY THE MICHIGAN COMPILED LAWS AS OF THE EFFECTIVE DATE OF THIS ACT, THE COMMISSION DOES NOT HAVE AUTHORITY OVER, AND SHALL NOT ENACT, ADOPT OR ENFORCE, EITHER DIRECTLY OR INDIRECTLY, ANY RULE, REGULATION, STANDARD, ORDER OR OTHER PROVISION HAVING THE FORCE OR EFFECT OF LAW THAT REGULATES, OR HAS THE EFFECT OF REGULATING, THE ENTRY, RATES, TERMS OR CONDITIONS FOR “.

3. Amend page 31, lines 20-21 by striking out **“INTERCONNECTED VOICE OVER INTERNET PROTOCOL SERVICE”** and inserting **“INTERNET PROTOCOL-ENABLED SERVICES”**.

4. Amend by inserting after the word “service” on page 31, line 23 **“AND SHALL NOT BE SUBJECT TO THIS ACT EXCEPT AS PROVIDED IN THIS SECTION.”**

Explanation: This amendment adds a new definition of “Internet-Protocol Enabled Services” to Section 102 and adds that term to the list of unregulated services in a revised Section 401. The broader category of “IP-Enabled Services” would replace the specific term “Interconnected Voice over Internet Protocol Service” in amended Section 401. “IP-Enabled Services” is a frequently-used term in the communications industry. The intent is to provide a broader definition that encompasses all services enabled by Internet Protocol technology, including services developed in the future. The proposed amendment also strengthens Section 401 by making it competitively and technologically neutral and by clarifying that the Commission only has authority to implement those policies established by the Legislature.